

Message Text

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TO SECSTATE WASHDC PRIORITY 1818

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INFO AMEMBASSY ANKARA

RUQMAT AMEMBASSY ATHENS 2301

AMEMBASSY LISBON

AMEMBASSY NICOSIA

AMEMBASSY PARIS

AMEMBASSY ROME

USNMR SHAPE

USCINCEUR

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C O N F I D E N T I A L SECTION 1 OF 5 USNATO 2692

E.O. 11652: GDS

TAGS: MPOL, NATO

SUBJECT: DPC MINISTERIAL MEETING: SOUTHERN REGION REPORTS

REF: A. STATE 109128 NOTAL

B. USNATO 2614, PARA 2 NOTAL

BEGIN SUMMARY. THIS MESSAGE FORWARDS TEXT OF REPORT ON STRATEGIC SITUATION IN THE SOUTHERN REGION (DPC/D(75)8), WHICH SYG RECOMMENDS BE BROUGHT TO FORMAL ATTENTION OF DEFENSE MINISTERS. REPORT IS TO SERVE AS A FOCUS FOR DISCUSSION OF SOUTHERN CONFIDENTIAL

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REGION DURING MAY DPC MINISTERIAL MEETING AND IS ONLY REPORT ON THIS SUBJECT SCHEDULED TO APPEAR BEFORE MINISTERS. END SUMMARY.

1. ON MAY 14 AMB BRUCE RECEIVED LETTER FROM SYG LUNS, CIRCULATING AN ADVANCE COPY OF REPORT (DPC/D(75)8) PREPARED BY IS AND IMS, ON "STRATEGIC SITUATION IN THE SOUTHERN REGION". COVER LETTER REQUESTS THAT AMBASSADORS BRING REPORT TO PERSONAL ATTENTION OF THEIR DEFENSE MINISTERS. MISSION UNDERSTANDS SYG PLANS TO DISCUSS REPORT DURING MAY 22 DPC MINISTERIAL RESTRICTED SESSION; NO NATO DISCUSSION IS SCHEDULED BEFORE THAT TIME. REPORTS IS LISTED AS A REFERENCE UNDER MINISTERIAL AGENDA ITEM ON MINISTERIAL GUIDANCE, BUT ONLY BECAUSE DRC RESISTED CITING SPECIFIC REFERENCES FOR RESTRICTED SESSION.

2. SOME REFERENCE TO SOUTHERN REGION PROBLEMS MAY BE MADE UNDER OTHER DPC MINISTERIAL AGENDA ITEMS. FOR EXAMPLE, WE UNDERSTAND THAT CHAIRMAN MC WILL LIKELY SUMMARIZE, AS PART OF HIS STATEMENT TO THE DPC MINISTERS, CHIEFS OF STAFF MAY 13 SUBSTANTIVE DISCUSSION OF SOUTHERN REGION (CHAIRMAN'S PREPARED STATEMENT ON SOUTHERN REGION TO MC/CS FORWARDED BY USDELMC 383/75). FURTHERMORE, INTELLIGENCE BRIEFING FOR DEFENSE MINISTERS MAY INCLUDE REFERENCE TO INTELLIGENCE REPORT ON MILITARY SIGNIFICANCE TO NATO OF WP PENETRATION AND MILITARY PRESENCE IN ME, NORTH AFRICA, AND ADJACENT SEA AREAS (MC 255/75).

3. MISSION CONSIDERS REPORT DPC/D(75)8 TO BE AN EXCELLENT REVIEW OF HOW THE INDIVIDUAL POLITICAL, ECONOMIC AND MILITARY PROBLEMS FACING THE SOUTHERN REGION INTERRELATE TO THREATEN THE SECURITY OF THE ALLIANCE AS A WHOLE. THE REPORT DRAWS ON OTHER NATO DOCUMENTS, WHICH WILL NOT APPEAR ON EITHER DPC OR NAC MINISTERIAL AGENDA, SUCH AS THE SUEZ STUDY (C-M(75)12 (REVISED)) AND THE AD HOC GROUP REPORT ON THE MEDITERRANEAN (C-M(75)27); IT ALSO INCLUDES MATERIAL, NOTABLY IN PARAS 8 THROUGH 12, WHICH ADDRESSES SPECIFIC DEFENSE LIMITATIONS AND CONSTRAINTS INVOLVING NATO NATIONS WITH FORCES IN THE AREA.

4. IT IS CLEAR THAT SYG LUNS IS CONCERNED ABOUT SERIOUSNESS OF SITUATION IN THE SOUTHERN REGION AND THAT HE WILL TAKE LEAD IN INTRODUCING SUBJECT INTO RESTRICTED SESSION. HE IS NOT DOUBT HOPING FOR SUBSTANTIVE INTERVENTIONS BY DEFENSE MINISTERS
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THEMSELVES, AND NOT ONLY FROM MINISTERS REPRESENTING NATIONS IN THAT TROUBLED AREA. LUNS AND OTHER DEFENCE MINISTERS WILL BE ANXIOUS TO HEAR VIEWS OF SECRETARY SCHLESINGER ON SITUATION IN SOUTHERN REGION, PARTICULARLY BECAUSE, WITH UK WITHDRAWAL FROM AREA, OUT MILITARY PRESENCE THERE IS TAKING ON INCREASED SIGNIFICANCE. DEFENSE MINISTERS ALSO WOULD BE MOST INTERESTED TO HEAR PROGRESS REPORT ON US BASE NEGOTIATIONS WITH GREECE. IN MISSION VIEW, SECDEF WOULD EMPHASIZE THAT SOUTHERN REGION PROBLEMS IMPACT MOST IMMEDIATELY ON EUROPEAN NATIONS AND THAT TO THE FULLEST EXTENT POSSIBLE THE ALLIES SHOULD WORK TOGETHER IN RESOLVING THESE ISSUES.

5. TEXT OF LETTER FROM SYG LUNS TO AMB BRUCE AND TEXT OF DPC/D(75)8 FOLLOW:

A. BEGIN TEXT OF LETTER:

YOU WILL RECALL THAT WHEN DISCUSSING THE FOLLOW-UP TO THE DECEMBER MEETING OF DEFENCE MINISTERS IN JANUARY, THE DEFENCE PLANNING COMMITTEE DECIDED TO COMMISSION A SPECIAL REPORT ON THE STRATEGIC SITUATION IN THE SOUTHERN REGION FOR SUBMISSION TO MINISTERS AT THEIR SPRING MEETING. THE ATTACHED REPORT HAS BEEN PREPARED BY THE INTERNATIONAL SECRETARIAT AND THE INTERNATIONAL MILITARY STAFF. IT WILL BE CIRCULATED IN NATO IN THE NEXT FEW DAYS. I AM, HOWEVER, TAKING THE LIBERTY OF SENDING YOU AND YOUR COLLEAGUES ON THE COMMITTEE AN ADVANCE COPY, SO THAT YOU MAY FORWARD IT FOR THE PERSONAL ATTENTION OF YOUR DEFENCE MINISTERS.

THE REPORT HAS BEEN PREPARED IN THE FORM OF AN OBJECTIVE COMPENDIUM OF KNOWN FACTS AND ITS PURPOSE IS TO SERVE AS A FOCUS FOR DISCUSSION OF THE SUBJECT DURING THE DEFENCE MINISTERS MEETING. I THINK HOWEVER, THAT IT SUCCEEDS IN PRESENTING THE VERY SERIOUS SITUATION WHICH HAS BEEN PRODUCED BY THE CUMULATIVE EFFECTS OF RECENT DEVELOPMENTS AND THEIR IMPORTANT STRATEGIC IMPLICATIONS FOR THE WHOLE ALLIANCE.
END OF LETTER.

B. BEGIN TEXT OF DPC/D(75)8:

THE STRATEGIC SITUATION IN THE SOUTHERN REGION
NOTE BY THE SECRETARY GENERAL
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TO SECSTATE WASHDC PRIORITY 1819

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INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY LISBON
AMEMBASSY NICOSIA
AMEMBASSY PARIS
AMEMBASSY ROME
SUNMR SHAPE
USCINCEUR
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C O N F I D E N T I A L SECTION 2 OF 5 USNATO 2692

DURING THEIR DISCUSSION ON 16TH JANUARY, 1975(1), THE
DEFENCE PLANNING COMMITTEE IN PERMANENT SESSION EXPRESSED THEIR
VIEW THAT THE STRATEGIC SITUATION IN THE MEDITERRANEAN AREA
GAVE CAUSE FOR GRAVE CONCERN, AND AGREED THAT CONSIDERATION
SHOULD BE GIVEN TO THE PREPARATION OF A SPECIAL REPORT ON
THIS SUBJECT FOR SUBMISSION TO DEFENCE MINISTERS IN MAY 1975.

2. THE PRESENT REPORT ATTEMPTS NOT TO DUPLICATE THE
OTHER STUDIES AND REPORTS BEING SUBMITTED TO FOREIGN AND
DEFENCE MINISTERS AT THEIR SPRING MEETINGS. ITS INTENTION IS
TO ASSEMBLE AND PRESENT TO MINISTERS IN ONE DOCUMENT THE
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ESSENTIAL ELEMENTS OF THE CURRENT SITUATION THE MED-
ITERRANEAN AREA, AND TO PROVIDE A FOCUS FOR A DISCUSSION ON
FUTURE POLICY AND REMEDIAL MEASURES FOR THE DEFENCE OF THE
SOUTHERN REGION.

3. THE TERMS "SOUTHERN REGION" AND "SOUTH-EASTERN FLANK"
ARE USUALLY USED IN NATO TO IDENTIFY TE AND TURKEY RESPECTIVELY. IN
STRATEGIC
TERMS, HOWEVER, THE MEDITERRANEAN AREA INCLUDES THE IBERIAN
PENINSULA AND OTHER LITTORAL AREAS. THIS REPORT LOOKS TO
EUROPE'S "SOUTHERN TIE" AND CONSIDERS THE STRATEGIC SITUATION
IN THE SOUTHERN REGION REGARESS OF COMMANOUNDARIES AND
THE LIITTERAL INTERPRETATION OF GEOGRAPHY.

(SIGNED) JOSEPH M.A.H. LUNS

(1) DPC/R(75)1, PARAGRAPH 32(3), 10TH FEBRUARY, 1975.

THE STRATEGIC SITUATION IN THE SOUTHERN REGION

GENERAL

GEOGRAPHIC FACTORS

1. THE GEOGRAPHY OF THE SOUTHERN TIER OF EUROPE HAS CHARACTERISTICS OF ITS OWN WHICH IN TURN HAVE IMPORTANT IMPLICATIONS FOR FORWARD DEFENCE (ON LAND, IN THE AIR AND AT SEA), FOR LOGISTICS, FOR RESUPPLY, FOR INFRASTRUCTURE, ETC. IT CONSISTS OF FOUR SEPARATE LAND MASSES (THE IBERIAN PENINSULA, ITALY, GREECE AND TURKEY) JOINED BY THE MEDITERRANEAN SEA AND LINKED ONLY BY SEA AND AIR ROUTES. ITS WESTERN HALF IS SEPARATED FROM THE CENTRAL AND NORTHERN REGIONS BY THE PHYSICAL BARRIER OF THE ALPS AND THE PYRENEES AND BY THE "NEUTRAL CORRIDOR" OF SWITZERLAND AND AUSTRIA. ITS EASTERN HALF (APART FROM THE COMMON BORDER WITH THE WARSAW PACT.

STRATEGIC CONSIDERATIONS

2. THE PROTOCOL OF THE NORTH ATLANTIC TREATY SIGNED IN
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LONDON ON 22ND OCTOBER, 1951 STATED IN ITS PREAMBLE "THE PARTIES TO THE NORTH ATLANTIC TREATY (ARE) SATISFIED THAT THE SECURITY OF THE NORTH ATLANTIC AREA WILL BE ENHANCED BY THE ACCESSION OF (THE KINGDOM OF) GREECE AND THE REPUBLIC OF TURKEY TO THAT (NORTH ATLANTIC) TREATY...". THIS CONCEPT APPEARS AS VALID TODAY AS IT WAS THEN, AND THE STRATEGIC IMPORTANCE WHICH THE SOUTHERN TIER OF EUROPE HOLDS FOR THE WHOLE OF THE ALLIANCE NEEDS NO SPECIAL STRESSING. IT IS SUFFICIENT TO RECALL THAT IT FACES ONE OF THE WORLD'S MOST UNSTABLE AREAS (THE MIDDLE EAST AND THE NORTH AFRICAN LITTORAL) AND IT WOULD APPEAR THAT THE INSTABILITY HAS EXTENDED TO, OR COULD POSSIBLY DEVELOP IN, THE MEDITERRANEAN AREA, IN BOTH NATO MEMBER AND NON-MEMBER COUNTRIES FOR A VARIETY OF POLITICAL, MILITARY, ECONOMIC AND SOCIAL FACTORS. SUCH DEVELOPMENTS ARE LIKELY TO BE EXPLOITED BY THE SOVIETS FOR THEIR OWN ADVANTAGE IN THE CONTEXT OF THEIR DRIVE TO OUTFLANK NATO AND PENETRATE THE NEAR EAST. THE SOVIET MEDITERRANEAN SQUADRON IS AN IMPORTANT ELEMENT TO THAT END GIVEN THAT THE NATO TERRITORY EFFECTIVELY BARS A DIRECT LINK BETWEEN THE SOVIET UNION AND THE MIDDLE EAST AREA, THE OIL RESOURCES OF WHICH ARE VITAL TO THE WEST.

3. IT IS ALSO IN THIS AREA THAT NATO LINKS UP GEOGRAPHICALLY WITH CENTO. THE INVOLVEMENT OF THE UNITED KINGDOM, THE UNITED STATES, AND TURKEY IN BOTH ALLIANCES PROVIDES ANOTHER LINK WHICH DEMONSTRATES THE INTERDEPENDENCE AND MUTUAL SUPPORT OF THE TWO ORGANISATIONS. THIS DEMONSTRATES THE NEED FOR THE TWO ORGANISATIONS TO MAINTAIN BETTER CONTACTS THAN HAVE OCCURRED IN THE PAST AND THE TWO SECRETARIES GENERAL HAVE MET WITH THIS IN MIND.

MILITARY CONSIDERATIONS

THE WARSAW PACT THREAT

4. AN ATTACK ON THE SOUTHERN REGION OF NATO COULD BE

MOUNTED BY THE WARSAW PACT INDEPENDENT OF OR CONCURRENT WITH
ATTACKS ON THE OTHER REGIONS OF ALLIED COMMAND EUROPE (ACE).
SUCH AN ATTACK COULD BE MOUNTED FOLLOWING A MINIMUM OF BUILD-
UP DEPENDING ON OBJECTIVES AND THE DEGREE OF SURPRISE THE
AGGESSOR MIGHT WISH TO EXERCISE. THE WARSAW PACT CAPABILITIES
WOULD BE FURTHER INCREASED BY THE AVAILABILITY OF FACILITIES IN
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ARAB COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA, AS WELL AS
THE POSSIBILITY, ALTHOUGH UNLIKELY AT PRESENT, THAT ALBANIA AND
YUGOSLAVIA REALIGN THEMSELVES WITH THE WARSAW PACT.

5. IN THE CASE OF AN ATTACK AGAINST NORTHERN ITALY, THE
AVAILABLE WARSAW PACT FORCES INCLUDE 14 DIVISIONS AND AN
ESTIMATED 600 COMBAT AIRCRAFT. FOR OPERATIONS AGAINST WESTERN
TURKEY AND GREECE IT IS POSSIBLE THAT 31 WARSAW PACT DIVISIONS
PLUS APPROXIMATELY 970 COMBAT AIRCRAFT WOULD BE AVAILABLE.
FORCES WHICH COULD MOUNT A MAJOR AGGRESSION IN EASTERN TURKEY
ARE ESTIMATED AT SOME 22 DIVISIONS AND 500 COMBAT AIRCRAFT.
THESE FORCES COULD BE REINFORCED BY A PORTION OF THE 22
DIVISIONS OF THE SOVIET STRATEGIC RESERVE AND THE MAJORITY OF
THE 50-60 VESSEL FORCE OF THE SOVMEDRON WOULD BE EMPLOYED IN
THIS REGION. THE RECENT COMMISSIONING BY THE SOVIET UNION OF
TWO AIRCRAFT CARRIERS IN THE BLACK SEA ALSO REQUIRES SPECIAL
ATTENTION.

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TO SECSTATE WASHDC PRIORITY 1820

SECDEF WASHDC PRIORITY

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY LISBON

AMEMBASSY NICOSIA

AMEMBASSY PARIS
AMEMBASSY ROME
SUNMR SHAPE
USCINCEUR
USLOSACLANT
CINCLANT

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NATO FORCES

6. THE FORCES AVAILABLE IN THE SOUTHERN REGION TO COUNTER THIS THREAT INCLUDE SOME 11 DIVISIONS IN ITALY AND 19 DIVISIONS IN TURKEY AS WELL AS APPROXIMATELY 600 COMBAT AIRCRAFT. THERE ARE ALSO EIGHT DIVISIONS AND SOME 200 COMBAT AIRCRAFT IN GREECE. OTHER NATIONAL FORCES MAY BE AVAILABLE, AS WELL AS REINFORCEMENT FORCES FROM OTHER NATO COUNTRIES INCLUDING THE 6TH UNITED STATES FLEET, HOWEVER, THE QUANTITATIVE LEVEL OF FORCES AVAILABLE FOR THE DEFENCE OF THE SOUTHERN REGION NEEDS TO BE ASSESSED IN THE LIGHT OF THE CONFIDENTIAL

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QUALITATIVE DEFICIENCIES OF THE FORCES INDIGENOUS TO THE AREA, WHICH IN MANY CASES CANNOT BE CORRECTED WITHOUT EXTERNAL AID.

7. AS AN EXAMPLE THE LEVELS OF WAR RESERVES THROUGHOUT THE SOUTHERN REGION ARE INADEQUATE AND IN MANY CASES DEPENDENT ON EXTERNAL MILITARY AID. THIS IS DUE TO, IN SOME CASES, THE LACK OF INDUSTRIAL PRODUCTION CAPABILITY, WHILE IN OTHERS TO SERIOUS ECONOMIC CONSTRAINTS OR TO RESOURCES NOT BEING PUT TO BEST USE. OTHER AREAS WHERE SERIOUS SHORTFALLS EXIST FOR THE SAME REASONS ARE IN THE FIELDS OF ARMOUR/ANTI-ARMOUR, AIR DEFENCE, MOBILITY, SURVEILLANCE, COMMUNICATIONS, ELECTRONIC WARFARE, LOGISTIC SUPPORT, RECEPTION FACILITIES FOR REINFORCEMENTS AS WELL AS GENERAL OBSOLESCENCE OF MANY EQUIPMENTS INCLUDING TANKS, SHIPS AND AIRCRAFT.

8. IN ADDITION SEVERAL NEW FACTORS MUST NOW BE TAKEN INTO ACCOUNT IN ANY GENERAL ASSESSMENT OF THE BALANCE OF FORCES IN THE AREA.

(A) IN TURKEY THE CUT OFF OF UNITED STATES MILITARY ASSISTANCE INCLUDING AN EMBARGO ON MILITARY SALES MAY QUITE RAPIDLY AND NEGATIVELY AFFECT THE OPERATIONAL CAPABILITY OF THE TURKISH ARMED FORCES.

(B) GREECE HAS DECLARED AN INTENTION TO WITHDRAW FROM NATO'S INTEGRATED COMMAND. TO DATE THE ACTUAL MEASURES GREECE HAS TAKEN HAVE BEEN LIMITED, NEVERTHELESS THE WITHDRAWAL OF THE GREEK ARMED FORCES FROM NATO'S INTEGRATED COMMAND CAN BE EXPECTED TO RESULT IN A DOWNGRADING OF THEIR

CAPABILITY FOR SELF-DEFENCE GIVEN THE COUNTRY'S RELIANCE IN THE PAST ON EXTERNAL REINFORCEMENTS AS WELL AS EXTERNAL AID. IT IS TOO EARLY TO MAKE A FULL ASSESSMENT OF ANY MILITARY IMPLICATIONS OF THE SITUATION BUT OF PARTICULAR CONCERN ARE THE NATO AIR DEFENCE AND EARLY WARNING INSTALLATIONS, THE SECURITY OF THE SUPPLY ROUTES, THE AVAILABILITY OF THE SOUDA BAY NAVAL BASE AND THE AIR TRAINING CENTRES LOCATED IN CRETE AND THE COMMUNICATION LINKS WHICH PASS THROUGH GREEK TERRITORY. (SEE ATTACHED MAPS).

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(C) IN ITALY THE LENGTH OF CONSCRIPT SERVICE IS TO BE SHORTENED IN ALL SERVICES, AND THE NATO MILITARY AUTHORITIES HAVE REPORTED THAT THE ITALIAN FORCES COMBAT CAPABILITY HAS BEEN DOWNGRADED. FURTHERMORE DUE TO ECONOMIC CONSIDERATIONS THEIR LAND FORCES HAVE BEEN TEMPORARILY REDUCED BY SLIGHTLY MORE THAN 50,000, WITH A FURTHER REDUCTION OF 30,000 EXPECTED IN 1975 AND SOME MODERNISATION AND RE-EQUIPMENT PROGRAMMES POSTPONED. A LONGER TERM RESTRUCTURING PROGRAMME HAS BEEN DEVELOPED BY THE ITALIAN GENERAL STAFF BUT ITS IMPACT IS AS YET UNKNOWN. A TEN-YEAR NAVAL CONSTRUCTION PROGRAMME AMOUNTING TO SOME 1,000 BILLION LIRA HAS BEEN A POSITIVE DEVELOPMENT.

(D) THE UNITED KINGDOM'S PLANS FOR WITHDRAWAL OF ITS FORCES AND REINFORCEMENT COMMITMENTS MAY HAVE POLITICAL AS WELL AS MILITARY IMPLICATIONS AND WILL ADVERSELY AFFECT THE DEFENCE CAPABILITIES OF THE SOUTHERN REGION. THERE WILL BE A LOSS OF 14 COMBAT SHIPS AND FIVE MARITIME PATROL AIRCRAFT WHICH CURRENTLY PROVIDE NEARLY ONE HALF OF THE SUBMARINE CONTACTS. THE WITHDRAWAL OF THE UNITED KINGDOM LAND REINFORCEMENT CAPABILITY INCLUDING ELEMENTS OF THE ACE MOBILE FORCE WOULD REMOVE THE EQUIVALENT OF ONE DIVISION FROM THE ALREADY LIMITED SUPPORT AVAILABLE TO THIS REGION.

BASES AND INSTALLATIONS

9. THE PROGRESSIVE WITHDRAWAL OF THE BRITISH FROM THE MILITARY FACILITIES ON MALTA CASTS FURTHER DOUBTS ON THE AVAILABILITY OF THESE FACILITIES TO NATO OR THEIR DENIAL TO THE WARSAW PACT AFTER THE EXPIRY OF THE PRESENT AGREEMENT IN 1979.

10. ALTHOUGH THE UNITED KINGDOM AIRCRAFT HAVE BEEN WITHDRAWN FROM THE BRITISH SOVEREIGN BASES ON CYPRUS THE AIR BASES THERE ARE STILL AVAILABLE FOR USE BY BRITISH FORCES IN SUPPORT OF OPERATIONS IN THE EASTERN MEDITERRANEAN OR BEYOND.

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11. THOUGH NOT PARTICIPATING IN PEACETIME IN THE NATO INTEGRATED COMMAND, AIR BASES IN SOUTHERN FRANCE AND THE NAVAL BASE IN TOULON SHOULD BE CONSIDERED AS VERY RELEVANT FOR THE ALLIANCE. FRENCH NAVAL FORCES HAVE RECENTLY BEEN REDEPLOYED FROM THE ATLANTIC TO THE MEDITERRANEAN.

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TO SECSTATE WASHDC PRIORITY 1821

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INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY LISBON

AMEMBASSY NICOSIA

AMEMBASSY PARIS

AMEMBASSY ROME

USNMR SHAPE

USCINCEUR

USLOSACLANT

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12. IN THE IBERIAN PENINSULA (INCLUDING THE AZORES) THERE ARE INSTALLATIONS IMPORTANT TO THE ALLIANCE AS A WHOLE, PARTICULARLY FOR THE CONTROL OF THE SEA LINES OF COMMUNICATIONS BETWEEN NORTH AMERICA AND THE SOUTHERN TIER OF NATO EUROPE. THE LOSS OF SUCH FACILITIES OR POSSIBLY EVEN WORSE, THE ATTAINMENT BY THE SOVIET UNION OF FACILITIES IN THIS AREA WOULD BE A SERIOUS MATTER. A NUMBER OF THESE IMPORTANT NAVAL AND AIR FACILITIES ARE MADE AVAILABLE TO THE UNITED STATES IN SPAIN

UNDER BILATERAL AGREEMENTS WHICH ARE CURRENTLY THE OBJECT OF REVIEW.

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THE ECONOMIC SITUATION

13. THE CURRENT SLOWDOWN IN ECONOMIC ACTIVITY THROUGHOUT THE INDUSTRIALISED WESTERN WORLD TOGETHER WITH THE WIDE FLUCTUATIONS IN RAW MATERIAL PRICES AND THE STEEP INCREASES IN THE COST OF IMPORTED ENERGY ARE HAVING A MUCH GREATER NEGATIVE IMPACT ON THE LESS INDUSTRIALISED MEMBER COUNTRIES IN THE SOUTHERN REGION THAN ON THE REST OF THE ALLIANCE. THIS IS MAINLY FELT THROUGH THE BALANCE OF PAYMENTS. INCREASES IN PRICES OF IMPORTED GOODS HAVE OCCURRED AT THE SAME TIME AS THE PRESENT ECONOMIC RECESSION IS CONSTRAINING THE GROWTH OF EXPORTS. TRADITIONAL SOURCES OF RECEIPTS FROM TRANSFERS FROM WORKERS ABROAD, AID, TOURISM, SHIPPING, ETC., ALL OF WHICH PLAYED AN IMPORTANT ROLE IN THE RELATIVELY RAPID ECONOMIC ADVANCEMENT UNTIL 1973, ARE NOW BEING ADVERSELY AFFECTED. PARTLY DUE TO THESE DEVELOPMENTS AND PARTLY DUE TO INTERNAL ECONOMIC DIFFICULTIES THESE COUNTRIES ARE EXPERIENCING RATES OF INFLATION WELL ABOVE AVERAGE FOR EUROPE, INCREASES IN THE LEVELS OF UNEMPLOYMENT AND A SLOWDOWN IN THE RATE OF ECONOMIC GROWTH.

14. EVEN WITH AN IMPROVEMENT IN THE ECONOMIC SITUATION IN THE INDUSTRIALISED WORLD BY THE BEGINNING OF 1976, IT WOULD BE SOME TIME BEFORE THE EFFECTS WERE FELT IN THE LESS INDUSTRIALISED COUNTRIES OF THE ALLIANCE. FOR THE IMMEDIATE FUTURE THERE IS A RISK THAT THE ECONOMIC SITUATION WILL DETERIORATE FURTHER, PARTICULARLY IF THERE IS AN INCREASE IN THE RETURN OF NATIONS CURRENTLY WORKING ABROAD AND A FALLING OFF OF TOURISM. IN THESE STRAINED CIRCUMSTANCES NOT ONLY WILL THE DEFENCE EFFORT OF INDIVIDUAL COUNTRIES COME UNDER FURTHER PRESSURE, BUT THEIR POLITICAL AND SOCIAL STABILITY COULD BE IMPERILLED: THIS IN TURN COULD PUT AT RISK THE SOLIDARITY AND SECURITY OF THE WHOLE ALLIANCE.

OTHER CONSIDERATIONS

15. IN ADDITION TO THE RECENT DEVELOPMENTS OF MILITARY SIGNIFICANCE ALREADY MENTIONED, SOME OF WHICH DIRECTLY AFFECT THE SECURITY OF THE ALLIANCE, A NUMBER OF OTHER CONSIDERATIONS ARE CALLED TO THE ATTENTION OF MINISTERS.

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(A) THE SUEZ CANAL. THE REOPENING OF THIS WATERWAY LINKING THE MEDITERRANEAN WITH THE INDIAN OCEAN HAS

RELEVANCE ONE WAY OR ANOTHER FOR THE ALLIANCE. IF ON THE ONE HAND CERTAIN ECONOMIC/COMMERCIAL ADVANTAGES MAY ACCRUE TO NATO'S TRADING NATIONS THE MAIN ADVANTAGES WILL ACCRUE TO THE SOVIET UNION. FROM THE ECONOMIC/COMMERCIAL POINT OF VIEW IT PROVIDES THE SOVIET EMPIRE WITH A HIGHWAY ECONOMICALLY MORE ADVANTAGEOUS THAN THE TRANS-SIBERIAN RAILWAY; FROM THE MILITARY POINT OF VIEW IT WILL FACILITATE NAVAL DEPLOYMENTS IN THE INDIAN OCEAN AND THEREFORE THE SPREAD OF SOVIET INFLUENCE IN THAT OCEAN, THE PERSIAN GULF AND THE EAST AFRICAN LITTORAL. HOWEVER, THE SOVIETS ARE AWARE OF THE RISKS OF CLOSURE IN TIMES OF TENSION OR WAR AND WILL TAKE CARE NOT TO BECOME OVER-DEPENDENT ON THIS WATERWAY.

(B) THE MIDDLE EAST AND NORTHERN AFRICAN LITTORAL. THE RE-OPENING OF THE SUEZ CANAL IS ONLY ONE FACTOR TO BE ASSESSED IN CONJUNCTION WITH POSSIBLE RENEWED CONFLICTS IN THE AREA WHERE THE SELF ASSERTION AND INCREASED MILITARY AND FINANCIAL POWER OF THE ARAB STATES IS ALREADY NOTICEABLE. THE NEW POWER POSTURE BY THE ARAB STATES NEED NOT NECESSARILY GO TO THE ADVANTAGE OF THE SOVIETS BUT IT ALSO MAY NOT NECESSARILY TURN THEM TOWARDS A PRO-WESTERN STANCE. THE GROWTH OF ARAB NATIONS' ASSERTIVENESS TOUCHES THE VITAL INTERESTS OF THE ALLIANCE AND MORE PARTICULARLY ITS EUROPEAN MEMBERS BECAUSE OF THEIR DEPENDENCE ON MIDDLE EASTERN AND NORTH AFRICAN OIL. WHATEVER POLITICAL, MILITARY AND ECONOMIC DEVELOPMENTS MAY OCCUR IN THE MIDDLE EAST AND NORTH AFRICA WILL AFFECT POLITICALLY, MILITARILY AND ECONOMICALLY, FIRST THE NATIONS OF EUROPE'S SOUTHERN TIER AND THROUGH THEM THE ALLIANCE AS A WHOLE.

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SECDEF WASHDC PRIORITY
INFO AMEMBASSY ANKARA
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AMEMBASSY NICOSIA
AMEMBASSY PARIS
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USNMR SHAPE
USCINCEUR
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C O N F I D E N T I A L SECTION 5 OF 5 USNATO 2692

(C) SPAIN AND YUGOSLAVIA. MINISTERS ARE AWARE THAT
FUTURE EVENTS IN THESE TWO COUNTRIES MAY BE OF MAJOR
CONSEQUENCE TO THE ALLIANCE. IT CANNOT BE DISCOUNTED
THAT THE SOVIETS WILL NOT TRY TO GAIN ADVANTAGE OF
SUCH A SITUATION.

SUMMARY:

16. THE MEDITERRANEAN SEA WHICH CONNECTS THE LAND AREAS
OF EUROPE'S SOUTHERN TIER ALWAYS HAS BEEN AND STILL IS A CROSS
ROADS OF HISTORY. THE AREA'S SECURITY AND STABILITY IS VITAL
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TO ALL MEMBERS OF THE ALLIANCE. INSTABILITY, POLITICAL STRIFE
AND EVEN MILITARY ACTION HAVE CHARACTERISED THE REGION AND IN
ONE FORM OR ANOTHER HAVE AFFECTED ALL THE NATIONS IN THE AREA
WHETHER MEMBERS OF NATO, WHETHER ANTAGONISTIC OR FRIENDLY TO
NATO OR NOT ALIGNED. AN ANALYSIS OF PREVALENT TRENDS LEAD TO
THE CONCLUSION THAT WHATEVER MAY HAPPEN IN THE REGION WILL BE
LOADED WITH POLITICAL CONSEQUENCES FOR THE ALLIANCE. IN THE
AREA AS ELSEWHERE, THE SOVIETS HAVE AND ARE QUICK TO EXPLOIT
ALL DEVELOPMENTS TO THEIR ADVANTAGE. THE MILITARY BALANCE IN
EUROPE'S SOUTHERN TIER HAS DEGRADED TO THE DISADVANTAGE OF
NATO. NEVERTHELESS THOUGH DEVELOPMENTS IN THE MILITARY
BALANCE ARE CAUSE FOR CONCERN, GREATER PREOCCUPATIONS ARISE
FROM POLITICAL AND ECONOMIC DEVELOPMENTS OCCURRRING THROUGHOUT
THE REGION AND MORE PARTICULARLY THOSE OCCURRING OR LIKELY TO
OCCUR IN THOSE COUNTRIES IN THE REGION WHICH ARE MEMBERS OF
THE ALLIANCE.

CONCLUSIONS

17. MINISTERS WILL NOTE THAT THE TEMPO OF OCCURENCES
HAS OF LATE ACCELERATED AND THOUGH EACH NEW DEVELOPMENT TAKEN
IN ISOLATION IS NOT CATASTROPHIC EITHER IN ITS MILITARY OR IN
ITS POLITICAL IMPLICATIONS, THEY DO HAVE A CUMULATIVE EFFECT

WHICH ADDS UP TO A SERIOUS DEGRADATION OF THE SECURITY OF THE
NATIONS IN THE REGION AND HENCE FOR THE ALLIANCE AS A WHOLE.
INDIVIDUAL REMEDIAL MEASURES IN THE MILITARY FIELD MAY
TEMPORARILY REDRESS THE SITUATION, BUT ARE NOT LIKELY TO HAVE
THEIR FULL EFFECT IF THEY ARE NOT RELATED ONE TO ANOTHER.
MINISTERS MAY WISH TO CONSIDER WHETHER THE TIME HAS NOT COME
TO CONCEIVE AN OVERALL POLICY FOR THE REGION WHICH BY TAKING
INTO ACCOUNT POLITICAL, ECONOMIC AND MILITARY MEASURES WOULD
CREATE AN APPROPRIATE OVERALL FRAMEWORK FOR THE DETAILED
MEASURES AIMED AT STRENGTHENING THE DEFENCE CAPABILITIES AND
THE POLITICAL SOLIDARITY OF THE ALLIANCE IN THIS VITAL
SOUTHERN TIER OF EUROPE.
END TEXT OF DPC/D(75)8.

MISSION IS POUCHING MAPS CITED IN REPORT (ANNEXES A TO D).
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